

CITY OF CORVALLIS
BUDGET COMMISSION MINUTES
May 4, 2023

Present**Citizen Members:**

Steve Lee, Chair
 Marjorie Stevens
 Pamela Burnor
 Ben John
 Karyle Butcher
 Robert Upson
 Bao Vo
 Brandon Trelstad

City Councilors:

Tony Cadena, Vice Chair
 Charlyn Ellis
 Jan Napack
 Hyatt Lytle
 Gabe Shepherd
 Laurie Chaplen
 Paul Shaffer
 Briae Lewis
 Tracey Yee

Staff

Mark Shepard, City Manager
 Ryan Seidl, Finance Director
 Meredith Petit, Parks & Recreation Director
 Ben Janes, Fire Chief
 Jason Harvey, Police Chief
 Ashlee Chavez, Library Director
 Jeff Blaine, Public Works Director
 Mary Beth Altmann Hughes, HR Director
 Abbie Alexander, Central Admin. Services Mgr.
 Tatiana Bakhtina, Senior Budget Analyst
 Hunter Sams, Budget Analyst
 Claire Pate, Recorder

Absent

None

SUMMARY OF DISCUSSION

	Agenda	Recommendations
I.	Call to Order	6:00 p.m.
II.	Roll Call	Roll call conducted; quorum present.
III.	Department Presentations a. Human Resources b. Finance c. Information Technology d. City Manager's Office	For information only
IV.	Adjourn	8:17 p.m.
	Next Meeting	May 8, 2023; 6:00 p.m.

Attachments

- A. Meeting Handouts, as detailed in Call to Order
- B. Department Slide Presentations

CONTENT OF DISCUSSION**I. CALL TO ORDER**

Chair Steve Lee opened the meeting at 6:00 p.m., held in person in the Downtown Fire Station meeting room and online via live Webinar. Finance Director Ryan Seidl handed out documents (**Attachment A**) including: 1) an Internal Service Charge Summary; 2) Citywide Budget by Fund, with both adopted and projected amounts; 3) Reserves, Fund Balances and Contingencies by Fund; and 4) Revision of Budget Document – Federal Stimulus Fund Section.

Commissioner Karyle Butcher shared her appreciation for the work done by staff on the budget.

Councilor Laurie Chaplen would like to see a summary of the new facility fund in one place in the budget document, for transparency.

II. ROLL CALL

Roll call was taken, and a quorum was present.

III. DEPARTMENT PRESENTATIONS**a. HUMAN RESOURCES**

Human Resources (HR) Director Mary Beth Altmann Hughes presented the department budget overview and provided highlights of accomplishments, goals, and challenges (**Attachment B**) and department pages starting on page 277 of the budget document, along with the Risk Management Fund on page 283. Accomplishments included successfully concluding bargaining with two employee units; hiring and processing 285 new employees (both regular and casual staff); and implementing software and onboarding tools to increase efficiency organization-wide.

Commissioner comments and responses to commissioner questions are as follows:

- In response to a question from Councilor Charlyn Ellis, Director Altmann Hughes noted that Human Resources has one FTE not filled. In an ideal world, they would like three additional FTEs within the Division - 2 for HR and one for Central Administrative Services (CAS). The increase in legislative demands keeps adding up.
- In response to a question from Commissioner Ben John related to organizational stress, Director Altmann Hughes noted that they conduct exit interviews to determine factors leading to departures from the organization and use employee engagement surveys to gather information. They are behind in that cycle due to COVID. John encouraged employing surveys more frequently, as staffing allows.
- Commissioner John appreciated the benchmarking graph included with the Risk Management Fund and would like to see this with other departments as a point of reference.
- In response to questions from Councilor Hyatt Lytle, Director Altmann Hughes noted that the purchase of the two electric vehicles was accomplished. A third will be purchased in the upcoming fiscal year. Secondly, the safety audit had been carried forward and was completed with money being spent on safety improvements based on the outcome of that audit. The projection is to complete spending the money by the end of the current fiscal year.
- In response to questions from Councilor Tony Cadena, Director Altmann Hughes said that employee turnover included 82 regular FTEs with the balance associated with casual and seasonal hires. Turnover rates for this period were higher than those in the past but are below the industry benchmarks. Data is collected and tracked relating to reasons for leaving. Level of interest in open positions is increasing and employee retention is

improving. In terms of achieving operational excellence, there is not a lot available of bandwidth currently, though they are always looking for ways to do things more efficiently. Automating processes is one avenue towards creating greater efficiency.

- In response to questions from Councilor Paul Shaffer, Director Altmann Hughes noted that revenue listed as “Other Charges for Service” includes revenue from employees who purchase health insurance after retirement. It is money in and money out. In terms of satisfactorily recruiting a diverse job applicant base, HR continues to expand advertising and recruiting efforts through publications and communications that target diverse groups. The benchmark, which is set low for 2024, will likely increase moving forward. Finally, the greater number of OSHA recordable cases as compared to an average of all Oregon local governments can be partially explained by not all other local governments being full service; i.e. they might not include fire or parks services. This is the closest benchmark available for use, but it is not always an apples-to-apples comparison. The safety audit and purchase of appropriate safety equipment has been accomplished with an eye towards reducing the number of injuries. Monthly safety committee meetings are held to identify ways of improving.
- In response to Councilor Gabe Shepherd relating to specific employee turnover data for last fiscal year, Director Altmann Hughes said that as of July 2022, 59 people left City employment. Ten were terminated; seven left Oregon; ten left because they were leaving their profession; 23 got new positions and opportunities elsewhere; one person wished to telecommute; and eight people retired. Three people cited that facilities were the reason why they chose to look for positions elsewhere.

b. FINANCE

Finance Director Seidl presented the department budget overview and provided highlights of accomplishments, goals, and challenges (**Attachment B**), and department pages starting with “Finance at a Glance” on page 65 of the Budget document. A major accomplishment was facilitating the City Services Fee review and adjustment process in a way that informed and explained the fees to the public and succeeded in alleviating a lot of the negative feelings community members may have had. A major goal and challenge will be to move to a biennial budget process in the not-too-distant future. This would alleviate the budget analysts’ time spent aggregating data instead of performing analyses. Monitoring and mitigating inflation for the City as a whole will also continue to take up a lot of staff time. Finally, there is regulatory work to be done, especially with ARPA funding and State requirements, so there is a great need to get fully staffed.

Commissioner comments and responses to commissioner questions are as follows:

- In response to a question from Councilor Ellis, Director Seidl said that Finance has three vacancies. In an ideal world, they could use three more employees on top of the seventeen positions they have; but they would not have any place to put them.
- In response to a question from Commissioner Pam Burnor, Director Seidl said that it would not work well to have employees work from home as there is a lot of on-the-job training. There may be a possibility of some established employees working from home.
- In response to questions from Commissioner Rob Upson about the fact that the “Actual FY 21-22” budget amounts have not yet been audited, Director Seidl said that one of the reasons for this is the challenge to maintain City staffing as well as turnover experience by the City’s auditors. The City will be changing auditors in the next year to get a fresh set of eyes on the books. There are no known areas that will significantly change with completion of the audit. Seidl also noted that since they do not have the annual report

results back yet, they have been in contact with the State and all other pertinent entities to let them know.

- In response to additional questions from Commissioner Upson, Director Seidl said that they do not have any major equipment needs but could use some “bells and whistles” associated with their ERP (Enterprise Resource Planning) system. Additionally, Finance would like to explore moving to a community-accessible web-based budgeting system, as used by Eugene. However, this would put an undue burden on staff to take it on at this time. In terms of the last Treasury report from December, which showed that the net unrealized loss on investments was \$3 million, there is no concern of having adequate liquidity, especially because some of the City’s pooled investments come through the Local Government Investment Pool which provides liquidity while still earning some interest. As it relates to all US Treasury investments and debt ceiling conversations, they are out of the City’s control.
- Commissioner Upson’s final question related to investment income, the interest rate that was being applied to determine interest revenue, and what input was used in determining the ending fund balance. Upson’s question is whether staff use a conservative approach or a more realistic one. Director Seidl did not have the information at hand but will return with a response.
- Commissioner Marjorie Stevens suggested that as staff look into new sources of revenue, they review the Council committee report generated in 2015-16 on alternative revenue services for the City. City Manager Shepard said it would be part of the review process.
- In response to a question from Councilor Cadena related to needed improvements for operational efficiency, Director Seidl referred to the City Services billing process and that more people have been paying their bills electronically. The goal is to be at 51%, as opposed to 30% which is the current rate. This would free up staff time for long-term quantitative work.
- In response to a question from Councilor Shepherd relating to moving to a biennial budget process, staff still has a lot of review and analysis work ahead of them before taking this step. The logistical work will be difficult but worthwhile. This project was adopted into the Strategic Operational Plan as item E-2I. Staff look to Council for continued support and have appreciated commissioner comments of support as they work towards the goal.

c. INFORMATION TECHNOLOGY

Information Technology Director Michael Livingston presented the department budget overview and provided highlights of accomplishments, goals, and challenges (**Attachment B**), and department pages starting with page 261 of the Budget document. Highlights included implementation of an automated door lock system for all City buildings; successfully upgrading software and implementing a system for tracking employee time; and the challenges of hiring qualified employees and having adequate space for staff.

Commissioner comments and responses to commissioner questions are as follows:

- In response to a question from Councilor Ellis, Director Livingston said they have been maintaining about three vacancies for the past year. Ideally, they would like to have a specialist for their financial and human resource systems along with a staff person who can fill in as a security specialist with the increase in cybersecurity threats.
- In response to a question from Commissioner Upson, staff said that the majority of the revenue comes from the General Fund, in the form of Internal Service Charges paid into the 620 fund for services provided to the various departments. Staffing makes up

approximately 65% of the budget, with the balance of expenditures related to materials and services.

- In response to a question from Councilor Lytle, the “Other” category consists of reimbursement payments for public records requests.
- In response to a question from Commissioner Ben John related to cybersecurity needs, Director Livingston said that they have just undertaken a City-wide cybersecurity training program to deal with the larger threat of social engineering. Ideally, it would be good to have an employee with the skill-set and time to take on the cybersecurity efforts.
- Councilor Laurie Chaplen suggested that councilors also get the training.

d. CITY MANAGER’S OFFICE

City Manager Shepard presented the department budget overview and provided highlights of accomplishments, goals, and challenges (**Attachment B**), and department pages starting with the “Office at a Glance” on page 61. The office is responsible for two components: Governance (pages 269-71) and Economic Development (page 139). Highlights for the governance component, aside from the City Manager’s efforts to provide long-term stewardship of the City, include City Recorder Alex Downing’s undertaking to streamline public information requests; and Public Information Officer Patrick Rollens’ exploration and utilization of multiple pathways for getting information out to the community. The City has continued with implementation of the International Association of Public Participation (IAP2) framework for meaningful community engagement; and successfully concluded its first ranked choice vote in conjunction with Benton County. A major undertaking will be work on process improvements and infrastructure needs and finding efficiencies to create more organizational capacity and the ability to do more with less. The biennial community satisfaction survey is the only way of getting statistically valid community feedback, and this will be conducted in 2024.

Before moving on to the Economic Development component, Manager Shepard offered an opportunity for questions:

- In response to a question from Councilor Lytle, the Revenue category of “Other” includes rebates for purchasing cards based on dollar value of purchases each year. In terms of how the revenue flows back in for public record requests, Lytle will follow up online for that information.
- In response to a question from Commissioner John related to the Operating Budget line item “City Manager’s Office Non-Recurring,” as shown on page 124 of the Budget document, Manager Shepard said it reflects the Economic Development Office’s non-recurring project budget as shown on page 142. These are large grants that were already secured, with the work moving forward into the next fiscal year.
- Commissioner John suggested that the City undertake doing the employee engagement survey at a certain cadence so that change can be measured and used as a performance measure for leadership. The Community Satisfaction survey could also be used as a measure.
- In response to a question from Councilor Ellis, Manager Shepard said that they could use one additional staff person for next year.
- In response to a question from Councilor Shaffer, Manager Shepard said that the funding for project management and design work related to top priority facility projects was partially for personnel services to cover Mary Steckel’s time with the balance for architectural services coming out of an assigned Non-Departmental appropriated reserve fund. Moving forward, the funds that are proposed for facility replacement will go into an identified, appropriated reserve.

- In response to questions from Commissioner Upson related to the Administrative Services Fund, as depicted on page 329 of the Budget document, Manager Shepard said that they want to be careful about building up reserves in an Internal Service Fund and ensure they are expending funds pulled in from other sources, such as the Water Fund. At the end of the fiscal year, they analyze the remaining fund balance and have a conversation about whether to refund unused funds or offset the projected balance by reducing charges for the following year. It is designed to break even. At the time that Director Seidl came on board, there was possibly a change in how the Internal Services Fund was calculated with an increase in the allocation; but staff would have to get back with more information on that. Manager Shepard said that the balances are also possibly being driven by the number of vacancies in Internal Service departments, such as in Finance and IT primarily. Since those vacancies might continue through this budget year, the balances might end up the same.

Manager Shepard moved on to present the Economic Development Office (EDO), as shown on pages 61-62 and 139-142 of the budget document. The office serves not only the City but other towns and unincorporated areas of Benton County. In return, Benton County pays approximately \$100,000/year through an intergovernmental agreement. Though this was originally going to sunset this year, it was agreed to extend it another year while transitioning to a new model. The transition will be to have two Economic Development FTEs report to the Community Development department, with the other approximately two FTEs transitioned to City Manager's Office support. Exact transitions are still being determined, but the focus will be on organizational sustainability and performance management, as well as support for the Imagine Corvallis Action Network (ICAN) and the Climate Action Advisory Board (CAAB). These organizational changes will be reflected in next year's budget process.

Commissioner comments and responses to commissioner questions are as follows:

- In response to a question from Councilor Ellis, Manager Shepard said they could not make a commitment to the number of FTEs that would be committed to support the CAAB and ICAN work, as it will be determined during the transitioning process.
- In response to a question from Councilor Napack, the City has a sustainability coordinator housed in Public Works that focuses primarily on internal organization efforts. The position in the City Manager's Office will likely have a broader focus and higher-level view but perhaps could dovetail into the work already being done.
- In response to questions from Councilor Lytle, Manager Shepard said that for this next fiscal year the personnel costs will still come out of the Economic Development budget. If a significant change is made to that approach, the Budget Commission would be reconvened to review it. As reflected in the Budget document on page 142, the "Revolving Loan Program" (\$275,000) in the Non-Recurring Project budget is the grant program through the County and this reference might need to be revised to clarify that it is a grant and is not a revolving loan program.
- In response to Commissioner Brandon Trelstad, Manager Shepard again noted that the Economic Development performed by two FTEs will move to Community Development, with the balance of FTEs staying in the CMO.

IV. ADJOURNMENT

The meeting adjourned at 8:17 p.m.